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Application of
Total Environmental Solutions, Inc.
For Approval of an Adjustment in Rates and
Charges for Water and Sewer Services

Hearing Date: August 4, 2004

Docket No. 2004-90-W/S

Direct Testimony of
William O. Richardson
Utilities Department

Public Service Commission of South Carolina

RETURN DATE: OK RRG

SERVICE: OK RRG

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.**

2 A. William O. Richardson, 101 Executive Center Drive, Columbia, South Carolina
3 29210. I am employed by the Public Service Commission of South Carolina,
4 Utilities Department, as Chief of the Water and Wastewater Area.

5 **Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND**
6 **EXPERIENCE.**

7 A. I received a Bachelor of Science Degree in Electrical and Computer Engineering
8 from Clemson University in 1975. After graduation I was employed by Daniel
9 Construction Company as an Electrical Engineer in the Power Division. In
10 1978 I was employed by this Commission as an Engineer Associate II. In
11 December 2002 I was promoted to Chief of the Water and Wastewater area.

12 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
13 **PROCEEDING?**

14 A. The purpose of my testimony is to set forth, in summary form, the Staff's
15 findings relative to the determination of the amount of additional operating
16 revenues that would result from the implementation of the proposed
17 schedules of rates and charges.

18 **Q. I SHOW YOU THE REPORT, TITLED, "COMMISSION STAFF REPORT,**
19 **TOTAL ENVIRONMENTAL SOLUTIONS, INC., SOUTH CAROLINA**
20 **PUBLIC SERVICE COMMISSION, DOCKET NO. 2004-90-W/S." ARE**
21 **THE FINDINGS OF YOUR REVIEW CONTAINED IN THIS REPORT?**

22 A. Yes, they are contained under the Utilities Department tab.

23 **Q. PLEASE EXPLAIN HOW YOU COMPILED THE INFORMATION IN YOUR**
24 **REPORT.**

25 A. By using the information provided by the Company in its Application,
26 responses to the Staff Data Request and an audit of the Company's books
27 and records, Staff was able to determine the amount of additional operating
28 revenues which would be produced by the proposed rates.

29 **Q. PLEASE EXPLAIN EXHIBIT NO. 1 OF YOUR REPORT.**

30 A. Exhibit No. 1, pages 1 through 6, is a summary of the currently approved
31 rates and the proposed rates.

Q. HAVE YOU REVIEWED THE COMPANY'S PROPOSED RATES AND CHARGES, AND DO YOU HAVE ANY COMMENT ABOUT THEM?

A. Yes I have reviewed them and offer these comments. The Company has asked for a sewer reconnection charge of \$400.00. The Commission's Rules and Regulations governing service supplied by sewerage utilities R.103-532.4 has set the reconnection charge at \$250.00. The Company has also asked the Commission to approve several new nonrecurring and miscellaneous charges. They are:

1. Plant Impact Fee-----\$400.00
2. Administration Fee-----\$ 45.00
3. Service Charge-----\$20.00 during business hours
\$35.00 after business hours
4. Theft of Service-----\$500.00
5. Tampering-----\$250.00

It is Staff's opinion that the Company has not provided cost justification for these charges in either the application or their direct testimony. Additionally, the Company has not provided cost justification for the requested increase in its re-connection fee for water.

Q. PLEASE EXPLAIN EXHIBIT NO. 2 OF YOUR REPORT.

A. Exhibit No. 2, on page 7 of the report summarizes the effect of the present and proposed rates on the Company's operating revenue. Under the present rates approved for the Company, the present revenue annualized is \$249,943. Using the proposed rates, the Company would receive \$788,433, resulting in an increase of \$538,490 or an increase of 215.45%.

Q. PLEASE EXPLAIN EXHIBIT NO. 3 OF YOUR REPORT.

A. Exhibit No. 3, on page 8, summarizes the effect of the proposed rates and charges on customers' monthly total water and sewer bill. The requested increase in a residential customer's total water and sewer bill will be \$70.31 or 146.78%. The requested increase in the RV section will be \$100.41 or 564.10 %. The requested increase to a commercial customer will be \$101.81 or 156.63%.

1 **Q. PLEASE EXPLAIN EXHIBIT NO. 4 OF YOUR REPORT.**

2 A. Exhibit No. 4, on pages 9 through 12, is a review of service provided by the
3 Company, the Business Office Compliance Review Report and a summary of
4 the WWTP inspection.

5 **Q. PLEASE EXPLAIN EXHIBIT NO. 5 OF YOUR REPORT.**

6 A. Shown on Exhibit No. 5, on page 13, are various revenue requirements along
7 with the applicable monthly water and sewer service rates that would be
8 required to produce that revenue. The respective range of alternative
9 operating margins for 0.00%, 5.00%, 10.00%, 15.00%, 20.00% and 25.00%
10 are shown for Audit Exhibit A. The Audit Department calculated the
11 revenue requirement for the alternative operating margins. The Utilities
12 Department calculated the alternate rates that would produce the revenue
13 requirement.

14 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

15 A. Yes it does.
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